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Brazil

Brazil's chicken producers initially profited from consumer reaction to the discovery of Bovine Spongiform Encepalopath (BSE) in Canada in 2003-2004, Foot and Mouth Disease in Europe and South America in 2001-2002 and the accelerated demand for Brazilian poultry products due to outbreaks of avian influenza (AI) in Southeast Asia since late 2003. Since 2003, Brazil's exports have increased nearly 20% per year and have added 41 new market destinations. In order to maintain the advantage, Brazil tightened controls at ports and airports, companies have forbidden suppliers to receive visitors from potentially infected areas, and banned imports of eggs or any genetic material from affected countries.

In 2005, Brazil accounted for 56% of the major importing markets compared with a 30% share 5 years ago. Poultry exports for Brazil in 2005 comprised of frozen chicken parts (57%), whole frozen chickens (35%), prepared chicken meat (5%), and other poultry meat (3%). The United States and Canada still bar imports of Brazil's fresh, chilled, and frozen poultry meat because of disease concerns, Exotic Newcastle Disease in particular.

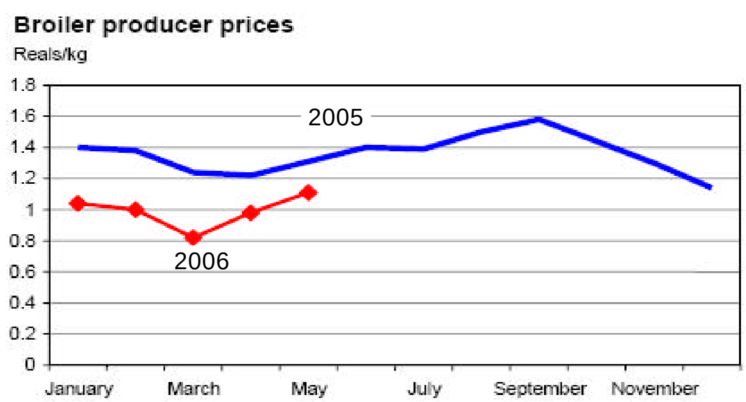
However, since the beginning of 2006, Brazil's total broiler meat exports have fallen when compared to last year despite precautions taken to protect their exports. Total broiler meat exports during January-May, 2006 totaled 1.05 million tons, a 6% decline from the same period in 2005. A break down of Brazil's exports during this time frame showed they exported 1.0 million tons of fresh/frozen chicken meat products, 7% below a year earlier. The decline is due in part to AI concerns, increased price competitiveness of U.S. broiler exports and reduced imports by Russia. Meanwhile, they exported 46,200 tons of processed or cooked products, 62% increase over 2005.

The lower demand for Brazilian chicken exports in combination with a 17.6% appreciation in the value of the real, Brazil's currency, in the first quarter of 2006 and an increase in chicken production resulting in 235,100 tons of additional chicken meat produced during the first quarter of 2006 caused exports to lose some of their profitability and also lowered retail prices of chickens by up to 40% in the first quarter of 2006. The lower whole chicken retail prices ultimately led to a 13% increase in domestic consumption over a year ago. However, even though 71% of total broiler production is consumed domestically and domestic consumption has been growing 7% annually since 1998 expecting to reach 37.9 kg in 2006, compared to 46.5 kg for the U.S., it was not enough to prevent domestic prices from falling significantly. Producer poultry prices dropped to their lowest levels since 2001.

The lower prices resulted in the broiler industry postponing new investments, not repopulating existing houses, reduced imports of hatching eggs and breeding chicks, domestic breeders decreasing production 25%, temporarily closing houses that receive day old chicks for grow out, poultry producers discarding fertilized eggs in some regions and the lay off of approximately 15,000 workers at meat packing plants with several thousand put on forced vacation until markets return to normal. As a result of the cut backs, the monthly housing of slaughter chicks was reduced 10% in April when compared to last year to 333 million birds and the industry expects to further reduce the chicks placed by an estimated 9% by year end when compared to 2005.

Some analysts are already giving the production curtailments credit for averting further price declines and industry is already starting to experience increased revenue, despite the decreased export volume, due to higher prices on the international market. During the January-May, 2006 period sales amounted to U.S.$1.23 billion, 0.93% more than during the same period last year. Others have forecast poultry prices in Brazil to rebound 20% by year end and some companies have cut their sales forecasts from a 15% increase to an 8% increase for the year with pared optimism due to an anticipated continued growing Brazilian economy. Even though workers have either been fired or laid off this year, some processors are continuing with plans to start building new plants in December for start up in 2007.

The Brazilian Poultry Exporters Association (ABef) is also investing U.S.$10 million in advertising in Saudi Arabia, the United Arab Emirates, Kuwait and Russia to launch brand Brazilian Chicken. The idea is to create a stamp and have the 21 companies associated with Abef to use it as a symbol of quality chicken and to have customers in foreign countries identify quality chicken with Brazil.
Source: USDA/FAS and other news sources



Source: AvilSite: Cotacoes Medias do Frango. Average prices received by growers for live birds in the Sao Paulo market.

Brazil Broiler Meat Exports in 2005-2006 (1,000 tons)

Months	Fresh/Frozen Broiler Meat 2005	Fresh/Frozen Broiler Meat 2006	Percent Change 2006/05	Processed Broiler Meat 2005	Processed Broiler Meat 2006	Percent Change 2006/05
January	182.5	206.6	13.2	5.1	7.2	41.2
February	210.7	190.3	-9.7	4.9	8.6	75.5
March	225.4	213.3	-5.4	6.5	12.2	87.7
April	227.0	202.8	-10.7	5.9	8.8	49.2
May	233.0	187.0	-19.7	6.1	9.4	54.1
June	237.5			7.0		
July	254.8			6.7		
August	255.7			9.7		
September	247.7			7.3		
October	250.4			9.6		
November	200.2			6.4		
December	237.0			8.6		

Source: Ministerio do Desenvolvimento, Industria e Comercio Exterior (SECEX) and Abef

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Inspected Egg Products-U.S. & Canada Export/Import Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Week Ending June 17, 2006			Year-To-Date	
TYPE	2006	2005 1/	2006 2/	2005
Liquid	209	545	4,829	8,411
Frozen	0	0	125	21
Dried	40	0	267	207
Total	249	545	5,221	8,639

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending June 17, 2006			Year-To-Date	
TYPE	2006	2005 1/	2006 2/	2005
Liquid	132	42	1,519	3,476
Frozen	8	42	521	373
Dried	0	0	41	345
Total	140	84	2,081	4,194

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)

Week Ending June 17, 2006			Year-To-Date	
TYPE	2006	2005 1/	2006 2/	2005
Jumbo	0	0	150	67
Extra Large	1,500	3,800	39,981	114,962
Large	2,650	3,710	76,471	229,456
Medium	1,350	4,170	39,029	53,115
Ungraded	6,480	1,572	69,464	59,474
Misc	0	0	3,360	6,973
Total	11,980	13,252	228,455	464,047

1/ Comparable Week, to-date figures may not total due to rounding.
2/ Includes revisions to previous week(s).
Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section
Source: USDA/AMS Poultry Programs, Market News Branch.

U.S./Canadian Live Poultry Slaughtered Under Inspection

W/E 17-Jun-06 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
	----------------Thousands	--------------------	
Head	1,025	1,684	2,709
Last Week	1,068	1,492	2,560
Same week yr ago	1,569	1,462	3,031
To-date/2006	27,768	35,230	62,998
To-date/2005	37,206	32,949	70,155

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	----------------Thousands	--------------------	
Head	83	0	83
Last Week	23	3	26
Same week yr ago	227	7	234
To-date/2006	4,896	19	4,915
To-date/2005	6,799	33	6,832

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. Fowl slaughtered in the U.S. and Canada

	Light Hens	Heavy Hens	Total Hens
	----------------Thousands	--------------------	
Head	1,108	1,684	2,792
Last Week	1,091	1,495	2,586
Same week yr ago	1,796	1,469	3,265
To-date/2006	32,664	35,249	67,913
To-date/2005	44,005	32,982	76,987

Source: USDA/AMS Poultry Programs, Market News Branch

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

June 23, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ---- FROZEN	FRESH	----- VOLUME ----- TOTAL	EXPORT
15% OR LESS				
RANGE	-	16.00	40,800	-
WTD AVERAGE		16.00		
15-20%				
RANGE	14.00-16.50	12.00-16.25	1,169,200	285,600
WTD AVERAGE	15.29	13.65		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN,MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

June 23, 2006

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ---- FROZEN	FRESH	----- VOLUME ----- TOTAL	EXPORT
15% OR LESS				
RANGE	16.50	14.00-16.00	506,000	266,000
WTD AVERAGE	16.50	15.00		
15-20%				
RANGE	14.50-20.00	11.00-15.00	1,710,000	830,000
WTD AVERAGE	16.38	13.05		
20% OR MORE				
RANGE	-	13.00	80,000	-
WTD AVERAGE		13.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 23 JUNE 2006.

The market tone on white meat was steady to firm. Demand moderate to good. Offerings ranged short to adequate. The market tone on rib breasts was steady to fully steady for the light to moderate demand. Offerings short to instances adequate. The market tone on thigh meat was mostly steady for the light to moderate non-Russian demand. Offerings of thigh meat short for Russia, balance light to adequate. The market tone on mechanically separated turkey (MST) was at least steady on fresh, barely steady at best on frozen. Demand on MST moderate on fresh, sluggish on frozen. Offerings of fresh MST light, frozen available. Domestic trading was active on fresh tom breast meat, moderate on tom necks, balance slow to moderate. Export trading was active on tom drums, moderate on open priced fresh thigh meat for July shipments, balance slow. For domestic: livers 7 shipping point, hearts and frozen -20% MST -90 days age 17, breeder hen wings 31, mixed mature necks 29, fresh breast trim 122-123, fresh wing meat with skin 102-106, fresh scapula 124-134, fresh yearling hen breast meat without tenderloins 163 rib breasts - Grade A 4-8 lb. 119-122 mostly 119 delivered August, Grade A non-basted 10-12 lb. 145 and 12-14 lb. 155, plant grade non-basted 8-10 lb. 110, 10-12 lb. 138 and 12-16 lb. 150, Grade A basted 8-10 lb. 135 and 12-16 lb. 170 cents delivered. For export: fresh tom drums 31 cents delivered.

EXPORT TRADING **FRIDAY, JUNE 23, 2006**	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**	**WEEKLY WTD AVG PRICE**	**WEEKLY VOLUME (000)**
DRUMSTICKS, TOMS	31.00-32.50		31.91	300	31.84	1,372
WINGS FULL-CUT - TOMS		M	29.50	324	29.50	324
WINGS, V-TYPE, TOM		M	37.00	216	37.00	216
TAILS	25.00		25.00	104	28.16	196
MECHANICALLY SEPARATED 2/						
THIGH MEAT - FROZEN	69.00-70.00		69.50	80	68.62	734

EXPORT TRADING **THURSDAY, JUNE 22, 2006**	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS	30.00-32.00		30.87	500
WINGS FULL-CUT - TOMS		M	29.50	324
WINGS, V-TYPE, TOM		M	37.00	216
TAILS		W	31.74	92
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN	68.00-69.00		68.80	150

EXPORT TRADING **WEDNESDAY, JUNE 21, 2006**	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS	32.00-33.00		32.64	572
WINGS FULL-CUT - TOMS		M	29.50	324
WINGS, V-TYPE, TOM		M	37.00	216
TAILS	30.00-34.00		31.74	92
MECHANICALLY SEPARATED 2/		W	19.50	40
THIGH MEAT - FROZEN	68.00-69.00		68.36	288

EXPORT TRADING **TUESDAY, JUNE 20, 2006**	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS		F	34.50	208
WINGS FULL-CUT - TOMS		M	29.50	324
WINGS, V-TYPE, TOM		M	37.00	216
TAILS		F	29.38	240
MECHANICALLY SEPARATED 2/		W	19.50	40
THIGH MEAT - FROZEN		M	68.50	216

EXPORT TRADING **MONDAY, JUNE 19, 2006**	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS		F	34.50	208
WINGS FULL-CUT - TOMS	29.50		29.50	324
WINGS, V-TYPE, TOM	37.00		37.00	216
TAILS		F	29.38	240
MECHANICALLY SEPARATED 2/		W	19.50	40
THIGH MEAT - FROZEN	68.00-69.00		68.50	216

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
2/ Product contains 15-20% fat with skin added.